IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 30.08.2007

CORAM:

THE HON'BLE MR.JUSTICE M.CHOCKALINGAM

W.P. No.12284 of 2007
AND
MP. Nos.1 and 3 of 2007

Repco Bank Daily Deposit Collectors Union
represented by its President B.Pragadeeswaran ..Petitioner

Vs.

1. The Repatriates Co-operative Finance & Development Bank Ltd.
rep. by the Managing Director
Chennai 600 017.

2. K.Sidhanathan,
No.118
Puspameena Illam
Nagupillai Thoppu (40 Feet Road)
New Mahalipatti Road
Madurai 1. ..Respondents

(Second respondent impleaded as per
order dated 06.08.2007 by RBJ in
MP. No.2 of 2007 in WP. No.12284/2007)

Petition filed under Article 226 of the Constitution of India praying for the issuance of a writ of Certiorari as stated therein.

For petitioner : Mr.S.Senthilnathan

For Respondent No.1 : Mrs.A.V.Bharathi

For Respondent No.2 : Mr.P.Vinod Kumar

O R D E R

This writ petition has been filed challenging the circular No.77/2006-07/04/ID dated 7.12.2006 reducing the payment of commission to the daily deposit collectors causing drastic reductions in their wages .

2. Affidavit filed in support of the petition is perused along with the counter affidavit. Heard the learned counsel on either side.

3. Concededly the respondent bank is a Government of India Enterprise and it is an instrumentality of the State. The respondent bank has introduced the scheme of daily collection of loan amounts and savings at the door steps of the depositor as an additional service scheme for its members. The petitioner joined the Bank as Daily Deposit Collector in 1993 like him many others have also joined the service under the condition that they have to meet the depositors every day and collect the savings and loans and should deposit the amounts with the Bank in the Non Operative savings Bank Account (NOSB). The wages/payment for such daily deposit collectors was fixed at 2% on daily deposit collections and 1% on N.O.S.B. Collection. Though they are serving for the Bank, they have not been provided with any protection or benefits granted to its regular employees. They have been requesting the respondent bank to streamline the services of the DDS into mainstream service of the Bank on par with other staff. While the matter stood thus, the respondent issued a Circular dated 7.12.2006 which is the order impugned herein introducing a modification to the guidelines causing drastic reduction in the wages paid by way of commission resulting huge monetary loss to all the DDCs. Hence they represented through the petitioner Union by way of representation. Though the respondent received the representation, there was no response at all. Inspite of several personal meetings, the respondent refuse to recall the circular which necessitated the writ petitioner to file the above writ petition challenging the circular.

4. Learned counsel for the petitioner reiterated the fact that by introduction of the impugned circular, their wages have been drastically reduced and it would cause much hardship to the petitioner-Union. Further, the respondent received the representation, there is no response to the same. Under such circumstances, this writ petition has got to be ordered.

5. Contrary to the above, learned counsel for the first respondent would submit that the impugned circular is advantageous to the petitioner Union. She also took the Court to Paragraph 14 of the counter affidavit in which it is stated that the commission as stipulated 2% on DD and 1% on NOSB is not reduced by the impugned circular. In fact the rate of commission for DD is increased to 2.25%. The stipulation of minimum collection of 10 days in a calendar month for NOSB is in fact a beneficial clause over the rules existing prior to the issue of impugned calendar. The stipulation of minimum collection of 10 days is introduced to benefit the small borrowers to enable them to pay on a daily basis instead of DDCs forcing them to pay bulk amounts. The stipulation of Rs.10,000/- as a cap for eligibility for commission is made to enable the DDCs to collect loan instalments from small borrowers who constitutes 85% of the borrowers. Further learned counsel would rely on the additional benefits and also the relaxations in the regulations governing commission after the issue of the impugned circular.

6. In view of the impugned circular, benefits are accrued to the petitioner and also since the impugned circular gives the additional benefits and the bank has decided to make the further relaxations in the regulation governing commission after the issue of the impugned circular, this Court is of the considered opinion that the writ petition does not carry any merit whatsoever and it would be fit and proper to reproduce the said benefits.

"(i) The rate of commission of 2% on DD and 1% on NOSB is not reduced by the impugned circular. In fact, the rate of commission for DD is increased to 2.25%. The stipulation of minimum collection of 10 days in a calendar month for NOSB is in fact a beneficial clause over the rules existing prior to the issue of impugned circular.

(ii) The stipulation of minimum collection of 10 days is introduced to benefit the small borrowers to enable them to pay on a daily basis instead of DDCs forcing them to pay bulk amounts.

(iii) The stipulation of Rs.10,000/- as a cap for eligibility for commission is made to enable the DDCs to collect loan instalments from small borrowers who constitute 85% of the borrowers.

The impugned Circular gives the following additional benefits:

(1) Commission is payable even on collections made on the opening day which was not earlier allowed.

(2) The impugned circular relaxed the 'restriction' on opening of more than one DD a/c by a single member. A depositor can now open any number of DD a/cs. so that the DDCs can earn more commission.

(3) Even in case of higher loan limits, commission is payable to DDCs. without any restriction, if the borrower agrees to bear the cost. The impugned circular does not intend denying commission for the amount collected. It is intended that the DDCs collect mainly from small borrowers upto Rs.4.00 lakhs of loan and there is no restriction on commission.

The Bank has decided to make the following further relaxations in the regulations governing after the issue of the impugned circular.

(1) Minimum collection has been reduced from 10 days to 7 days.

(2) The cap of collection under NSB has been increased from Rs.10,000/- to Rs.25,000/-.

Now, therefore, commission is payable without restrictions for loans upto Rs.10.00 lakhs.

(3) In respect of DD A/c., 6 months average is introduced instead of 3 months average for working out average collection made."

7 In view of the above, the writ petition does not carry any merit whatsoever and accordingly it is dismissed. No costs. Consequently, WP.MP.NOS.1 and 3 OF 2007 are also dismissed.

VJy

To

1. The Managing Director
The Repatriates Co operative Finance & Development Bank limited
Chennai 600 017.